

Notes
Missouri Tax Credit Review Commission
Sub-Committee of the Low Income Housing Committee
November 15th, 2012

The Missouri Tax Credit Review Commission Low Income Housing Committee met as a Sub-Committee (no quorum established) on November 15, 2012, beginning at 2:00 p.m. The meeting was held in House Hearing Room 4 of the Missouri State Capitol.

Commission members present or absent:

Mark Gardner	Member	Present
Craig Van Matre	Member	Present
Tim Flook	Member	Present
Shannon Weber	Member	Absent
Penny Rector	Member	Absent
Senator Wright-Jones	Member	Absent

Interested parties present:

Tom Sullivan
Leon Krieg
Megan Word
Jennifer Tidwell
Emily Wright
Jessica Land
Jorgen Schlemeier
Heath Clarkston
Chris Moody
Lela Gruebel
Eric McMillan

WELCOME

Chairmen Gardner welcomed members of the Commission and guests.

PUBLIC COMMENT

Chairman Gardner offered the opportunity for those in attendance to provide written or verbal testimony. No public testimony was heard.

DISCUSSION

Chairman Gardner provided a recap of the previous report from the Low Income Housing Committee and the report passed by the full Commission in 2010.

He offered his opinion of the single largest issue from the recommendations is the affordability of the “bubble” created by the overlap of the 10 year stream as it converts to the proposed 5 year stream of benefits in today’s budget climate.

Chairman Gardner offered his thoughts on the three largest impacts of the recession:

- Loss of income which was a proportionally larger loss felt by the low income;
- The increase of “doubling up” in housing where multiple families share one unit;

- And, housing for lower income at a higher price causing an increase in those cost burdened households (households paying more than 30% of their income)

Chairman Gardner addressed the number of houses made available by foreclosure but that the supply has not been converted into low income housing at affordable rates.

Chairman Gardner reiterated the issue of facing increased affordable housing demand while states and the federal government are cutting their budgets.

The recommendations were summarized as:

- Make the credit more affordable by shrinking the term and reducing the cap;
- Debunking the assumption that the LIHTC unit was directed at persons on welfare but rather it is affordable workforce housing;
- Addressing the costs of the social issues affected by the lack of affordable housing such as health costs and public safety.

Commissioner Flook discussed the legislative response to the recommendations including the debate on sunsets as a means to “kill” a program versus a tool to reform it. Commissioner Flook stated that he still supports the direction of the approach taken to shorten the term of the credit.

Commissioner Van Matre stated that he believes the recommendations as written in the 2010 report are still valid today. He added that there is no doubt that more affordable housing is needed but that Missouri is building less because we are getting less efficiency from the tax credit. He added that the current methodology causes us to pay more than the rate at which we would normally borrow money. The model or method should build more and cost less.

Commissioner Van Matre posed the question of how to get past the roadblock of the “bubble” period?

TAX CREDIT EFFICIENCIES

The Commissioners present discussed three efficiency items: prevailing wage; policy notification and feedback; and policy and goals for housing. After much discussion the Sub-Committee recommends that MHDC review the prevailing wage levels in rural Missouri to determine their consistency with average pay per job classification and that MHDC encourage a more inclusive and collective approach by inviting public comments from the development community, the syndicators and the investors when large policy changes are proposed. The Commissioners concluded that the trend toward addressing social service needs with the credit versus the goal of developing workforce housing was an agency driven decision and outside of the scope of the Committee’s charge.

COMMISSION MAKE-UP

The Commissioners discussed the stability of the Commission with appointed members as opposed to elected. The Commissioners concluded the item was outside the scope of the committee’s charge and as such will not include it as a recommendation in the final report.

CONSENSUS

The consensus of the three members present is that the current report in its entirety should remain as written.